

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 1355 - SB 1324

February 9, 2023

SUMMARY OF BILL: Requires public notice of a foreclosure sale of land to be made by the foreclosing party, at least 20 days prior to the sale, on the Secretary of State's (SOS) website. Establishes the fee for posting public notice to the SOS's website to be \$200 per posting. Effective January 1, 2024.

FISCAL IMPACT:

**Increase State Revenue – \$488,900/FY23-24
\$977,800/FY24-25 and Subsequent Years**

**Increase State Expenditures – \$146,000/FY23-24
\$56,000/FY24-25 and Subsequent Years**

Assumptions:

- In order to create a web platform that carries out the proposed legislation, the SOS will be required to contract with a vendor to create a new web application that is linked to the pre-existing SOS's website.
- According to information provided by the SOS, by using vendor rates from a similar project the estimated cost to build the new web platform is \$117,969.
- The new web platform will also require yearly cloud-based server hosting and maintenance, which will result in an increase in state expenditures of \$1,500 in FY23-24 and \$3,000 in FY24-25 and subsequent years.
- In order to manage the increase in filings and posting of notices on the website, the SOS will need to hire one additional administrative services assistant 3, which will result in a recurring increase in state expenditures of \$53,032 (\$39,192 salary + \$13,840 benefits).
- Since the proposed legislation takes effect halfway through FY23-24, the additional position would result in an increase in state expenditures of \$26,516 (\$53,032 x 50%) in FY23-24, and \$53,032 in FY24-25 and subsequent years.
- Therefore, the total increase in state expenditures as a result of the proposed legislation will be \$145,985 (\$117,969 + \$1,500 + \$26,516) in FY23-24, and \$56,032 (\$3,000 + \$53,032) in FY24-25 and subsequent years.
- According to the SOS, the average annual number of foreclosure sales of land is 4,889.
- Therefore, the estimated increase in state revenue as a result the \$200 fee for posting public notices on the SOS's website will be \$977,800 (4,889 x \$200).

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- Since the proposed legislation takes effect halfway through FY23-24, it is assumed that the increase in state revenue will be \$488,900 ($\$977,800 \times 50\%$) in FY23-24, and \$977,800 in FY24-25 and subsequent years.
- The proposed legislation does not establish the fund to which such revenue is to be deposited. Therefore, it is assumed that all such revenue will be allocated to the General Fund.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

/cd